

## CONTENT AREA

### Two-Week Extension of Benefits for Terminating State Employees

## ISSUE/QUESTION

Are all terminating employees eligible for the two-week extension of benefits?

## ANSWER

No, not all terminating employees are eligible for the two-week extension (TWE) of benefits.

To be eligible for the two-week extension, the terminating employee must have worked at least one day in the two-week benefit period for which the employee has no payroll deductions.

### EXAMPLE OF ELIGIBLE EMPLOYEE

Employee Termination Date: 06/20/03

Last period covered via payroll deduction: 06/01/03 – 06/15/03

This employee would be eligible for a TWE of 06/16/03 – 06/30/03.

### EXAMPLE OF INELIGIBLE EMPLOYEE

Employee Termination Date: 08/15/03

Last period covered via payroll deduction: 08/01/03 – 08/15/03

This employee would not be eligible for a TWE because the termination date does not fall within the next coverage period of 08/16/03 – 08/31/03.

The TWE allows eligible employees to continue their benefits for a two-week period beyond the last benefits coverage period paid for via payroll deductions.

To continue their benefits, eligible employees must pay the employee portion of the premium, out of pocket, for all coverage and may not make any coverage changes.

## RATIONALE/EXPLANATION

To be eligible for the TWE and the employer portion of insurance premiums, an individual must be a State of Arizona employee.

In the case of the eligible employee, the employee's termination date fell within the two-week period for which there was no payroll deduction for insurance. In the case of the ineligible employee, the employee's termination date occurred prior to the two-week period for which there was no payroll deduction for insurance.

In the case of the ineligible employee, allowing a TWE, which involves the State paying the employer portion of the insurance premium, would result in a gift of public funds, which is prohibited by law.

## AUTHORITY

Arizona Constitution - Gift or loan of credit; subsidies; stock ownership; joint ownership Article 9 Section 7

Arizona Revised Statutes-Group health and accident coverage for retired public employees and elected officials and their dependents 38-651.01

ADOA Benefits Office Policy

## ISSUED

August 10, 2003